

WASATCH FRONT REGIONAL COUNCIL

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
AND
FINANCIAL STATEMENTS**

June 30, 2005

HANSEN, BARNETT & MAXWELL

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

WASATCH FRONT REGIONAL COUNCIL

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Registered with the Public Company
Accounting Oversight Board



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Wasatch Front Regional Council
Salt Lake City, Utah

We have audited the accompanying basic financial statements of Wasatch Front Regional Council (the Council) as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of Wasatch Front Regional Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

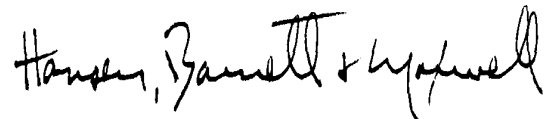
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Wasatch Front Regional Council, as of June 30, 2005, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 8 and budgetary comparison information on page 17 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 22,

2005 on our consideration of Wasatch Front Regional Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wasatch Front Regional Council's basic financial statements. The schedule of revenues and expenditures by program is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of revenues and expenditures by program has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. In addition, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Hansen, Barnett & Maxwell", written in a cursive style.

HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah
September 22, 2005

Management's Discussion and Analysis

As management of the Wasatch Front Regional Council (the Council), we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended June 30, 2005.

History and Background

The Wasatch Front Regional Council (WFRC) was organized as a volunteer organization in March 1969, among Davis, Salt Lake, and Weber Counties and the cities within, for the purpose of establishing a review agency to comply with requirements to obtain federal grants and loans, and to address the solutions of regional problems. In June 1969, Tooele County and the municipalities within, and, in 1972 Morgan County and the municipalities within, joined the Regional Council. In 1973, the WFRC was designated by the governor of Utah as the Metropolitan Planning Organization (MPO) for the Salt Lake and Ogden metropolitan areas. MPOs are agencies responsible for transportation planning in urbanized areas throughout the United States. Transportation planning in the region is a cooperative effort of state and local agencies, and as the MPO, the WFRC is responsible for coordinating this transportation planning process. In addition to the transportation planning process, WFRC provides assistance to small communities with Community Development Block Grant (CDBG) applications and provides a forum for local governments to cooperate in resolving problems and developing plans that are common to two or more counties or are regional in nature.

The Council consists of a governing board of eighteen voting members who are elected mayors, councilpersons and commissioners from the five county region. Of those voting members, eight represent Salt Lake County, four each represent Davis and Weber counties and one each represent Tooele and Morgan counties.

Transportation planning in the Salt Lake Area has been a continuing effort for over three decades. In the 1960's UDOT developed the first Long Range Plan for the area. Since 1973, the WFRC has developed Long Range Transportation Plans and updated them regularly. The process is comprehensive in nature, addressing all modes of transportation, including highways, transit, trucking, rail, and air. Transportation Plans are also part of the comprehensive planning for the overall development of the region.

Two main products are developed through the transportation planning process. The first is a Regional Transportation Plan (RTP), which recommends improvements to highways, transit, and other modes, to meet the transportation needs of the area over a 20-year period and beyond. The second is a Transportation Improvement Program or TIP. The TIP is a five-year capital improvement program for

highway, transit, and aviation projects, contained in the RTP. The RTP is updated every three years, while the TIP is approved annually.

During the fiscal year ended June 30, 2005 Wasatch Front Regional Council received funding from the following sources:

Federal Highway Administration	\$1,674,579	(59.0%)
Federal Transit Administration	327,659	(11.5%)
Federal Emergency Mgmt Admin	1,163	(.04%)
Community Development Block Grant	108,343	(3.8%)
State of Utah	159,192	(5.6%)
Local Governments	231,440	(8.2%)
Other	334,662	(11.7%)

Financial Highlights

The following table summarizes changes in the organization's assets and liabilities.

	<u>2004</u>	<u>2005</u>	<u>Change</u>
Cash and Investments	\$ 488,542	\$ 457,758	\$ (30,784)
Accounts Receivable	499,982	533,635	33,653
Prepaid Expenses	6,428	6,206	(222)
Inventory	2,275	1,105	(1,170)
Capital Assets	1,334,694	1,317,014	(17,680)
Depreciation	<u>(306,510)</u>	<u>(364,599)</u>	<u>(58,089)</u>
Total Assets	<u><u>\$ 2,025,411</u></u>	<u><u>\$ 1,951,119</u></u>	<u><u>\$ (74,292)</u></u>
Accounts Payable	238,555	151,620	(86,935)
Accrued Payroll Liabilities	3,406	731	(2,675)
Deferred Revenue	63,144	94,742	31,598
Accrued Compensated Absences	266,346	272,876	6,530
Lease Revenue Bond	<u>1,053,000</u>	<u>1,010,000</u>	<u>(43,000)</u>
Total Liabilities	<u><u>\$ 1,624,451</u></u>	<u><u>\$ 1,529,969</u></u>	<u><u>\$ (94,482)</u></u>

Management considers the fluctuation in cash, receivables, prepaid expenses, inventory, accrued payroll liabilities and accrued compensated assets to be normal for this organization. Increases in deferred

revenue are due to advance payments received from local government and other sources for projects in process. Those projects are anticipated to be completed within a few months of the close of the fiscal year.

The decrease in lease revenue bonds is a result of regular scheduled payments on the principal balance during the year. Throughout the year, the Council invested funds not immediately needed for operations with the Utah State Public Treasurer's Investment Fund (PTIF). Proceeds from those invested funds were \$7,867 for the year.

There was a less than 2% change in revenue and expenditures for the year. Management considers this to be normal for this organization. From time to time the Council enters into agreements with other agencies to conduct various transportation related studies. For this fiscal year those included work on Commuter Rail Study, Transit Corridors Study, Ogden Transit Study and work with Envision Utah for the purpose of improving the planning process (Visioning Study).

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to Wasatch Front Regional Council's basic financial statements. This report is similar to the last fiscal year's and is in compliance with Governmental Accounting Standards Board Statement No. 34. In addition to the Management's Discussion and Analysis, the report consists of government-wide financial statements, fund financial statements, and notes to the financial statements. The first several statements are highly condensed and present a government-wide view of the Council's finances. The governmental activities of the Wasatch Front Regional Council include transportation planning, hazard mitigation planning, providing technical assistance to and workshops for small communities for CDBG applications, administrative support to Salt Lake County Council of Governments and planning assistance to rural communities.

Government-wide financial statements. The government-wide *financial* statements are a relatively new component of the Council's report. These statements are designed to provide readers with a broad overview of the Council's finances in a manner similar to private-sector business reporting.

The *statement of net assets*, a component of the government-wide financial statements, presents information on all of the Council's assets and liabilities, with the difference between the two reported as *net assets*. The Organization's capital assets (land, buildings and equipment) are included in this statement and reported net of their accumulated depreciation. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating. In evaluating the government's overall condition, however, additional non-financial factors should be considered such as the Council's economic outlook, changes in its demographics, and the condition of its capital assets.

The *statement of activities* presents revenue and expense information showing how the Council's net assets changed during the fiscal year. To understand the basis of how these numbers are determined, it is important to note that changes in net assets are reported whenever an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is received or disbursed (the accrual basis of accounting). For example, assessment revenues are reported when the assessments are billed, even

though they may not be collected for some time after that date; and an obligation to pay a supplier is reported as an expense when the goods or services are received, even though the bill may not be paid until some time later.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts (revenues, expenses, assets and liabilities) that is used to control resources that have been segregated for specific activities. The Wasatch Front Regional Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds utilized by the Council are accounted for in a single governmental fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the *government-wide financial statements*. However, for accounting and reporting purposes, government fund numbers are determined with a different approach. At the fund level, the focus is on changes in short-term spendable resources and the balance available to spend, rather than the long-term focus used for determining government-wide numbers. Because the focus is so different between fund statements and government-wide statements, reconciliation between the two types is necessary to understand how the numbers differ. Such reconciliation is provided on pages 9 and 10 of this report. The General Fund is the primary operating governmental fund of the Council. To demonstrate legal compliance, a statement comparing budget-to actual numbers for the General Fund is included in the financial statements.

Financial Analysis

The Council's fund balance, may serve over time, as a useful indicator of an organization's financial position. In the case of the Council, assets exceeded liabilities by \$751,611 at the close of fiscal year ended June 30, 2005. Net assets are comprised of current assets and capital assets (property and equipment). Currently the Council's capital assets net of related debt and depreciation is a negative \$57,586. This can be explained by a difference in the rate of depreciation versus the rate of principal reduction related to the purchase of the Council's office building. In September of 2001, the Council, through Davis County Municipal Building Authority, purchased the office building for its occupation by issue of Lease Revenue Bonds. The bonds are payable in semi-annual payments, including principal and interest, over a seventeen year period. The Council records depreciation on the building using a straight-line method over the same seventeen year period. At the end of fiscal year 2005 the difference between the balance due on the bonds and the net depreciated value of the building and the value of the land was \$119,294. This difference will diminish as the bond principal payments increase over the years. The remaining fixed assets, including leasehold improvements and furniture and equipment, have a value net of depreciation of \$61,708 with no related debt. The Council uses these capital assets for day to day operations; consequently, these assets are not available for future spending.

The following table describes the Council's net assets;

Current and other assets	\$ 998,704
Property and equipment	952,415
Total Assets	<u><u>\$ 1,951,119</u></u>

Long-term liabilities outstanding	\$ 1,111,461
Other liabilities	418,508
Total liabilities	<u><u>\$ 1,529,969</u></u>

Fund equity:

Invested in property and equipment, net of related debt and accumulated depreciation	\$ (57,586)
Restricted for debt service	95,201
Unrestricted	383,534
Total net assets	<u><u>\$ 421,149</u></u>

A portion of the Council's net assets (23%) has been reserved in accordance with provisions of the Lease Agreement with Davis County Municipal Building Authority for the final year's payment of the Lease Revenue Bonds issued for the purchase of the Council's office building.

The Council's net assets increased by \$20,189 during the fiscal year due in part to contributions and interest earned on cash balances.

Key elements of the increase in net assets are as follows;

Revenues:

Federal sources	\$ 2,111,744
State sources	159,192
Local sources	566,102
Interest income	<u>7,867</u>

Total revenues	<u><u>\$ 2,844,905</u></u>
Expenses:	
Program	\$ 2,775,614
Interest	<u>49,102</u>
Total expenses	<u><u>\$ 2,824,716</u></u>
Increase in net assets	\$ 20,189
Net assets – beginning	<u>400,960</u>
Net assets – ending	<u><u>\$ 421,149</u></u>

Budgetary Highlights

The Council approved its fiscal year 2005 budget on May 27, 2004. During the year the budget was amended to include additional funding for the following projects: \$400,000 of state and local funds for contractual work on Visioning; \$2,500 for supplies costs from Fannie Mae; \$30,000 from Utah Department of Transportation to provide assistance toward the development of a Regional Planning Organization (RPO); \$40,000 from Utah Transit Authority to fund a Legislative Consultant; \$71,158 from Utah Transit Authority for additional consulting work on the Transit Corridor Phase I project; and \$45,000 from Utah Transit Authority for the Mid-Jordan Light Rail PE/FEIS project.

Capital Assets

The Council's investment in property and equipment as of June 30, 2005 amounts to \$952,415, net of accumulated depreciation. This investment includes land, buildings, and related improvements. The total decrease in the Council's investment in property and equipment for the current fiscal year was 7%. During the year the Council purchased furniture and equipment during the year in the amount of \$15,574. The Council uses straight-line method of depreciation over the estimated useful life of the assets.

Property and Equipment (net of depreciation)

Land	\$ 105,888
Buildings	784,818
Improvements	21,580
Furniture & Equipment	<u>40,129</u>
Total	<u><u>\$ 952,415</u></u>

Requests for Information

This financial report is designed to provide a general overview of the Council's finances for all those with an interest. Questions regarding any of the information provided in this report or requests for additional information should be addressed to:

Wasatch Front Regional Council
295 North Jimmy Doolittle Road
Salt Lake City, Utah 84116

Attention: Loveit Baumgardner, Comptroller

BASIC FINANCIAL STATEMENTS

WASATCH FRONT REGIONAL COUNCIL
GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET ASSETS
JUNE 30, 2005

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and investments	\$ 362,557	\$ -	\$ 362,557
Restricted cash	95,201	-	95,201
Accounts receivable:			
Federal sources	390,811	-	390,811
State sources	49,253	-	49,253
Other sources	93,571	-	93,571
Prepaid expenses	6,206	-	6,206
Inventory	1,105	-	1,105
Capital assets			
Land	-	105,888 a	105,888
Building	-	952,993 a	952,993
Leasehold improvements	-	24,062 a	24,062
Furniture, fixtures and equipment	-	234,071 a	234,071
Accumulated depreciation	-	(364,599) a	(364,599)
Total Assets	<u>\$ 998,704</u>	<u>952,415</u>	<u>1,951,119</u>
Liabilities			
Accounts payable	\$ 151,620	-	151,620
Accrued payroll liabilities	731	-	731
Deferred revenue	94,742	-	94,742
Compensated absences			
Due within one year	-	126,415 b	126,415
Due after one year	-	146,461 b	146,461
Lease revenue bond			
Due within one year	-	45,000 b	45,000
Due after one year	-	965,000 b	965,000
Total Liabilities	<u>247,093</u>	<u>1,282,876</u>	<u>1,529,969</u>
Fund Balances/Net Assets			
Fund balances:			
Reserved for compensated absences	272,876	(272,876)	-
Reserved	95,201	(95,201)	-
Unreserved	<u>383,534</u>	<u>(383,534)</u>	<u>-</u>
Total fund balances	<u>751,611</u>	<u>(751,611)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 998,704</u>		
Net Assets:			
Investment in capital assets, net of related debt		(57,586) c	(57,586)
Restricted for debt service		95,201 d	95,201
Unrestricted		<u>383,534</u>	<u>383,534</u>
Total Net Assets		<u>\$ 421,149</u>	<u>\$ 421,149</u>

a - To record net capital assets not recorded in the governmental fund

b - To record lease revenue bonds payable and compensated absences which are not recorded in the governmental fund

c - To record investment in capital assets net of related debt

d - To record restriction for debt service

The accompanying notes are an integral part of these financial statements.

WASATCH FRONT REGIONAL COUNCIL
STATEMENT OF GOVERNMENTAL FUND REVENUES AND EXPENDITURES AND CHANGES IN
FUND BALANCE / STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Federal sources	\$ 2,111,744	\$ -	\$ 2,111,744
State sources	159,192	-	159,192
Local sources	566,102	-	566,102
Interest income	<u>7,867</u>	<u>-</u>	<u>7,867</u>
Total Revenues	<u>2,844,905</u>	<u>-</u>	<u>2,844,905</u>
Expenditures/expenses			
Current			
Salaries and employee benefits	2,031,890	-	2,031,890
Contractual services	452,771	-	452,771
Property and equipment acquisition	15,574	(15,574) a	-
Equipment repairs & maintenance	8,049	-	8,049
Building operating expense	41,496	91,344 c	132,840
Travel	31,272	-	31,272
Training	8,303	-	8,303
Publications	14,017	-	14,017
Office supplies	48,136	-	48,136
Telephone	10,151	-	10,151
Accounting	12,373	-	12,373
Dues and subscriptions	9,474	-	9,474
Legal	1,686	-	1,686
Insurance	14,309	-	14,309
Bank charges and other	343	-	343
Debt service			
Principal	43,000	(43,000) b	-
Interest and fiscal charges	<u>49,102</u>	<u>-</u>	<u>49,102</u>
Total expenditures/expenses	<u>2,791,946</u>	<u>32,770</u>	<u>2,824,716</u>
Excess Revenues Over Expenditures/Expenses	52,959	(32,770)	-
Excess Revenues Over Expenditures and Other Financing Sources	52,959	(52,959)	-
Change in net assets	-	20,189	20,189
Fund balances/net assets			
Beginning of year	<u>425,776</u>	<u>(24,816)</u>	<u>400,960</u>
End of year	<u>\$ 478,735</u>	<u>\$ (57,586)</u>	<u>\$ 421,149</u>

a - Capital outlays that were included as part of current expenditures in the governmental fund statement of revenues, expenditures, and changes in fund balances need to be reported instead as capital assets in the government-wide statement of net assets.

b - Debt service principal payments are reported separately in the governmental fund statement of revenues, expenditures, and changes in fund balances. These expenditures must be removed and replaced by a corresponding reduction in the related liability reported in the government-wide statement of net assets.

c- To record depreciation expense on capital assets.

The accompanying notes are an integral part of these financial statements.

WASATCH FRONT REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization C The Wasatch Front Regional Council (Council) is a voluntary organization comprised of representatives of local governments located along the Wasatch Front. The Council was organized in 1969 for the purpose of meeting at regular intervals to discuss and study community challenges of mutual interest and concern and to develop policy and action recommendations for ratification and implementation by the governments in the area served by the Council.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units according to the criteria set forth in Governmental Accounting Standards Board's (GASB) Statement No. 14 and concluded there are no entities that are considered to be component units of the Council, nor is the Council considered a component unit of any other entity.

The Council's programs are funded by Federal grants, state appropriations and grants, and various local contributions, primarily on a year-to-year basis.

These financial statements have been prepared using the full-accrual method of accounting for all of the Council's activities.

The accounting policies of the Council conform to accounting principles generally accepted in the United States of America applicable to governmental units. The following is a summary of the more significant of such policies:

Short-Term Investments C Short-term investments are held by the Utah Public Treasurer's Investment Fund and are recorded at cost which approximates market value.

Capital Assets – The Council capitalizes all assets over \$500 and values the assets at historical cost. Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives:

Building and leasehold improvements	17 years
Furniture, fixtures and equipment	3-5 years

Inventories C Inventory is recorded at cost and valued on a first-in first-out basis.

Accrued Unemployment Benefits C The Council, by agreement with the Utah State Department of Employment Security, does not pay unemployment taxes. Instead, the Department of Employment Security bills the Council directly for applicable unemployment benefits payable to former Council employees. The Council accrues a reserve for unemployment benefits based on one-half of one percent of gross wages.

Accrued Vacation Expense C The cost of employee vacations is recorded as an expenditure at the time it is earned by the employee and is charged to the programs on which the employee works.

Accrued Sick Leave C Sick leave benefits are vested and any unused benefits may be redeemed as paid

**WASATCH FRONT REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

health insurance or cash payments upon termination of employment.

Revenues From Local Sources C Revenues from local sources are generally used to meet matching revenue requirements related to Federal grants and for other approved projects. Such revenues from local sources are recognized in the period in which the funds are received. These revenues and the related receivables are principally with local governmental entities represented on the Council.

Deferred Revenue C Funds which are specifically restricted as to their use are recorded as revenue when the related costs are incurred. Such funds received in advance of costs incurred are recorded as deferred revenue.

Indirect Costs C Indirect costs are charged to the various programs on a monthly basis. Such costs are comprised of total overhead costs for the month and are allocated based on the man-hour cost of each program.

Budget C Annual budgets are adopted by the Board of Directors. The Council has no legal requirement to hold public hearings. Budgets are submitted to the State of Utah. The budgets are adopted using the modified accrual basis of accounting.

Estimates C The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Council to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

The Council maintains a cash and investment pool, which includes cash on hand, one cash account and one investment.

The Council's deposit and investment policy is to follow the Utah Money Management Act. However, the Council does not have a separate deposit or investment policy that addresses specific types of deposit and investment risks to which the Council is exposed.

Utah State law requires that the Council's funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the Council and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

As of June 30, 2005, the Council had the following deposits and investments:

WASATCH FRONT REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

<u>Deposit and investment type</u>	<u>Fair Value</u>
Cash on deposit	\$ 199,237
State Treasurer's investment pool	<u>258,321</u>
Total	<u><u>\$ 457,558</u></u>

Interest rate risk – The Council manages its exposure to declines in fair value by only investing in the Utah Public Treasurers Investment Fund.

Credit risk – As of June 30, 2005, the Utah Public Treasurer's Investment Fund was unrated.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Council's deposits may not be returned. As of June 30, 2005, \$4,036 of deposits were exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – In the case of investments, this is the risk that in the event of the failure of the counterparty, the Council will not be able to recover the value of its investments that are in the possession of an outside party. The Utah Public Treasurer's Investment Fund is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds.

Components of cash and investments (including interest earning deposits) at June 30, 2005, are as follows:

Cash on hand	\$ 200
Cash on deposit	199,237
Utah State Treasurer's investment pool account	<u>258,321</u>
Total cash and investments	<u><u>\$ 457,758</u></u>

Cash and investments are included in the accompanying statement of net assets as follows:

Cash and investments	\$ 362,557
Restricted cash	<u>95,201</u>
Total cash and investments	<u><u>\$ 457,758</u></u>

**WASATCH FRONT REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 3BACCOUNTS RECEIVABLE - FEDERAL

Accounts receivable from federal sources as of June 30, 2005 consisted of the following:

Federal Highway Administration	\$ 312,448
Department of Housing and Urban Development	27,729
Community Development Block Grant	<u>50,634</u>
Total	<u><u>\$ 390,811</u></u>

NOTE 4BPROPERTY AND EQUIPMENT

A summary of changes in property and equipment for the year ended June 30, 2005 is as follows:

	Balance June 30, 2004	Additions	Retirements	Balance June 30, 2005
Land	\$ 105,888	\$ -	\$ -	\$ 105,888
Building	952,993	-	-	952,993
Leasehold improvements	24,062	-	-	24,062
Office equipment, furniture and fixtures	251,751	15,575	(33,255)	234,071
Less accumulated depreciation	<u>(306,510)</u>	<u>(91,344)</u>	<u>33,255</u>	<u>(364,599)</u>
Total	<u><u>\$1,028,184</u></u>			<u><u>\$ 952,415</u></u>

NOTE 5-LONG-TERM DEBT

On September 4, 2001, the Council acquired land and a building to house its offices. The building was acquired through the Davis County Municipal Building Authority ("Authority"). The Authority issued \$1,153,000 of Lease Revenue Bonds with interest rates ranging from 4.6% to 5.1% with an interest rate renewal every five years. The Lease Agreement between the Authority and the Council calls for semi-annual payments of interest and principal each February and August through September 1, 2019 which coincide with the payments due on the Lease Revenue Bonds. At the end of the lease term, the Council will receive title to the property. The Lease Agreement meets the criteria for a capital lease in accordance with Government Accounting Standards. The future lease payments equal to the bond principal payments are included as an adjustment to reconcile the fund balance sheet to the statement of net assets.

**WASATCH FRONT REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

The future lease payments for bond principal and interest are as follows based on the current interest rates:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	45,000	48,835	93,835
2007	47,000	46,656	93,656
2008	49,000	44,334	93,334
2009	51,000	41,890	92,890
2010	54,000	39,296	93,296
2011-2015	315,000	152,600	467,600
2016-2020	449,000	64,893	513,893
	<u>\$1,010,000</u>	<u>\$ 438,504</u>	<u>\$1,448,504</u>

NOTE 6BNET ASSETS

The unrestricted net assets at June 30, 2005 was designated by the Council for future programs and local matching for Federally-funded projects. The reserved fund balance relates to cash held in a restricted account related to the lease revenue bonds.

NOTE 7BRISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Council carries commercial insurance. The Council carries a Workers= Compensation policy for which the premiums are based on past experience.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated and will be above the amount to be covered by insurance. As of June 30, 2005, the Council has one possible liability as a former employee is seeking retirement contributions of over \$18,000 on a compensated time payout upon the cessation of employment. The Council feels that all amounts due this former employee have been paid and that no additional compensation is warranted. The Council is currently uncertain as to how this matter will be settled and accordingly has not accrued any potential loss that may result.

NOTE 8BRETIREMENT PLANS

Local Governmental Contributory Retirement System C The Council contributes to the Local Governmental Contributory Retirement System, which is a cost sharing multi-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems) for all permanent full-time Council employees. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

WASATCH FRONT REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1 (800) 365-8772.

Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and the Council is required to contribute 5.61% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The Council's contributions to the Local Governmental Contributory Retirement System for the years ending June 30, 2005, 2004 and 2003 were \$181,781, \$158,215, and \$136,045, respectively. Salaries subject to contribution under the Plan for each of the respective years were \$1,389,757, \$1,362,748, and \$1,273,828. In each year, the contributions were equal to the required contributions for each year.

401(a) Qualified Money Purchase Plan C Council employees holding appointed positions and eligible Council employees participating in the Local Governmental Contributory Retirement System may also participate in another defined contribution plan. The Council contributes to a privately administered 401(a) qualified money purchase plan. Contributions for the years ended June 30, 2005 and 2004 were \$163,582 and \$181,744, respectively, representing 13.4% and 13.8% of total participating employees salaries and wages.

The Council does not participate in the federal Social Security (FICA) program, but has elected to administer a similar program. In lieu of employer contributions to Social Security the Council pays for a life and disability policy for each employee, and contributes to the privately administered 401(a) plan, in an amount equal to current Social Security rates and limitations. Contributions to the 401(a) plan for this purpose for the years ended June 30, 2005 and 2004 were \$111,892 and \$109,939, respectively, representing 7.65% of total participating employees salaries and wages.

401(k) Defined Contribution Plan C The Council has established a qualified 401(k) plan with the Local Government Contributory Retirement System. Employees may contribute up to the legally allowed contribution. The Council does not match employee contributions nor contribute to the Plan.

REQUIRED SUPPLEMENTARY INFORMATION

**WASATCH FRONT REGIONAL COUNCIL
STATEMENT OF REVENUES AND EXPENDITURES C BUDGET AND ACTUAL
GENERAL OPERATING FUND
FOR THE YEAR ENDED JUNE 30, 2005**

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Federal sources	\$ 2,834,089	\$ 2,834,089	\$ 2,111,744	\$ (722,345)
State sources	120,202	300,202	159,192	(141,010)
Local sources	465,906	874,564	566,102	(308,462)
Interest income	-	-	7,867	7,867
Total Revenues	<u>3,420,197</u>	<u>4,008,855</u>	<u>2,844,905</u>	<u>(1,163,950)</u>
Expenditures				
Current				
Salaries and employee benefits	2,102,777	2,132,777	2,031,890	100,887
Contractual services	870,853	1,418,280	452,771	965,509
Property and equipment acquisition	40,000	40,000	15,574	24,426
Equipment repairs & maintenance	-	-	8,049	(8,049)
Equipment use charges	66,245	66,245	-	66,245
Building operating expense	46,305	46,305	41,496	4,809
Rent - facility	108,278	108,278	-	108,278
Travel	26,844	26,844	31,272	(4,428)
Training	19,110	19,110	8,303	10,807
Publications	29,438	31,938	14,017	17,921
Office supplies	68,861	68,862	48,136	20,726
Telephone	9,427	9,427	10,151	(724)
Accounting	15,439	15,439	12,373	3,066
Dues and subscriptions	-	-	9,474	(9,474)
Legal	16,620	16,620	1,686	14,934
Insurance	-	-	14,309	(14,309)
Bank charges and other	-	-	343	(343)
Debt service				
Principal	-	-	43,000	(43,000)
Interest and fiscal charges	-	-	49,102	(49,102)
Total expenditures	<u>3,420,197</u>	<u>4,000,125</u>	<u>2,791,946</u>	<u>1,208,179</u>
Excess Revenues Over Expenditures	-	8,730	52,959	(2,372,129)
Fund Balance, Beginning of Year	<u>425,776</u>	<u>425,776</u>	<u>425,776</u>	-
Fund Balance, End of Year	<u>\$ 425,776</u>	<u>\$ 434,506</u>	<u>\$ 478,735</u>	<u>\$ (2,372,129)</u>

SUPPLEMENTAL SCHEDULES AND INFORMATION

WASATCH FRONT REGIONAL COUNCIL
SCHEDULE OF REVENUES AND EXPENDITURES BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2005

DESCRIPTION	CPG GRANT	ON BOARD SURVEY	HAZARD MITIGATION FEMA	TOOELE RPO	LOCAL GOVT SERVICE	UTA/MAG MODELER
REVENUES						
Federal sources:	\$ 1,964,246	\$ 36,316	\$ 1,163	\$ -	\$ -	\$ -
Total federal sources	<u>1,964,246</u>	<u>36,316</u>	<u>1,163</u>	<u>-</u>	<u>-</u>	<u>-</u>
State sources:						
State grants	17,913	-	-	25,576	-	-
State matching funds	-	-	-	-	-	-
Total state sources	<u>17,913</u>	<u>-</u>	<u>-</u>	<u>25,576</u>	<u>-</u>	<u>-</u>
Local sources:						
Cities and counties	95,638	-	-	-	10,731	-
Other	29,090	9,079	-	-	-	40,327
Total local sources	<u>124,728</u>	<u>9,079</u>	<u>-</u>	<u>-</u>	<u>10,731</u>	<u>40,327</u>
TOTAL REVENUE	<u>2,106,887</u>	<u>45,395</u>	<u>1,163</u>	<u>25,576</u>	<u>10,731</u>	<u>40,327</u>
EXPENDITURES						
Salaries and employee benefits	1,472,260	37,007	731	19,615	-	28,368
Contractual services	114,938	-	-	-	-	-
Building - rental	21,534	-	-	-	-	-
Equipment - purchase	-	-	-	-	-	-
Equipment - rental	8,296	-	-	-	-	1,837
Equipment - repair/maintenance	1,061	-	-	-	-	-
Rent - building operating exp	8,344	-	-	-	-	-
Travel	20,524	-	-	215	6,286	275
Training	3,339	-	-	-	-	950
Publications	14,017	-	-	-	-	-
Supplies	18,480	-	-	300	195	-
Telephone	6,221	-	-	-	-	-
Accounting	-	-	-	-	-	-
Dues and subscriptions	4,438	-	-	-	4,250	-
Legal	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Bank charges and other	-	-	-	-	-	-
Debt Service - principal	-	-	-	-	-	-
Debt Service - interest	-	-	-	-	-	-
Indirect cost	413,435	8,388	432	5,446	-	8,897
TOTAL EXPENDITURES	<u>2,106,887</u>	<u>45,395</u>	<u>1,163</u>	<u>25,576</u>	<u>10,731</u>	<u>40,327</u>
OTHER REVENUE/(EXPENSE)						
Interest income	-	-	-	-	-	-
TOTAL OTHER REV/(EXP)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue over expenditures	-	-	-	-	-	-
Fund balance - June 30, 2004	-	-	-	-	-	-
Restricted fund balance - June 30, 2004	-	-	-	-	-	-
Fund balance - June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SLCOG	GROWTH PLANNING	CDBG KAYSVILLE 2004	1% TECH ASSIST 2003	RRC TECHNICAL ASSISTANCE	1% TECH ASSIST 2004	CIB \$2K GRANT	CDBG KAYSVILLE 2005
\$ 27,729	\$ -	\$ 29,980	\$ -	\$ -	\$ -	\$ -	\$ 50,634
27,729	-	29,980	-	-	-	-	50,634
-	37,088	-	11,548	8,000	1,594	2,000	-
-	-	-	-	-	-	-	-
-	37,088	-	11,548	8,000	1,594	2,000	-
69,452	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
69,452	-	-	-	-	-	-	-
97,181	37,088	29,980	11,548	8,000	1,594	2,000	50,634
74,304	30,833	21,713	8,203	5,561	1,294	1,528	34,873
-	-	-	-	-	-	-	-
1,199	-	389	-	-	-	-	382
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	202
96	-	-	-	-	-	-	-
465	-	166	-	-	-	-	132
1,305	565	583	-	-	-	-	819
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	216	-	-	-	-	312
328	-	174	-	-	-	-	154
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
19,484	5,690	6,739	3,345	2,439	300	472	13,760
97,181	37,088	29,980	11,548	8,000	1,594	2,000	50,634
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**WASATCH FRONT REGIONAL COUNCIL
SCHEDULE OF REVENUES AND EXPENDITURES BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2005**

DESCRIPTION	3500 SOUTH	COMMUTER RAIL	TRANSIT CORRIDOR I	TRANSIT CORRIDOR II	OGDEN TRANSIT STUDY	CPG 2004
REVENUES						
Federal sources:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,676
Total federal sources	-	-	-	-	-	1,676
State sources:						
State grants	3,821	-	-	-	-	-
State matching funds	-	-	-	-	-	-
Total state sources	3,821	-	-	-	-	-
Local sources:						
Cities and counties	-	-	-	-	45,000	121
Other	-	8,192	91,388	3,473	73,445	-
Total local sources	-	8,192	91,388	3,473	68,445	121
TOTAL REVENUE	3,821	8,192	91,388	3,473	68,445	1,797
EXPENDITURES						
Salaries and employee benefits	2,975	6,473	-	2,871	-	1,276
Contractual services	-	-	91,388	-	68,445	-
Building - rental	-	-	-	-	-	-
Equipment - purchase	-	-	-	-	-	-
Equipment - rental	-	-	-	-	-	-
Equipment - repair/maintenance	-	-	-	-	-	-
Rent - building operating exp	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Training	-	-	-	-	-	-
Publications	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Telephone	-	-	-	-	-	-
Accounting	-	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Bank charges and other	-	-	-	-	-	-
Debt Service - principal	-	-	-	-	-	-
Debt Service - interest	-	-	-	-	-	-
Indirect cost	846	1,719	-	602	-	521
TOTAL EXPENDITURES	3,821	8,192	91,388	3,473	68,445	1,797
OTHER REVENUE/(EXPENSE)						
Interest income	-	-	-	-	-	-
TOTAL OTHER REV/(EXP)	-	-	-	-	-	-
Excess of revenue over expenditures	-	-	-	-	-	-
Fund balance - June 30, 2004	-	-	-	-	-	-
Restricted fund balance - June 30, 2004	-	-	-	-	-	-
Fund balance - June 30, 2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

STATE LANDS & FORESTRY	ENVISION UTAH VISIONING	LEGISLATIVE CONSULTANT	HEALTHY UTAH GRANT	INDIRECT		TOTAL
				GENERAL	ALLOCABLE	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,111,744
-	-	-	-	-	-	2,111,744
1,160	50,000	-	492	-	-	159,192
-	-	-	-	-	-	-
1,160	50,000	-	492	-	-	159,192
-	-	-	-	10,498	-	231,440
-	100,000	28,000	-	1,668	-	334,662
-	100,000	28,000	-	12,166	-	566,102
1,160	150,000	28,000	492	12,166	-	2,837,038
863	-	-	-	-	281,142	2,031,890
-	150,000	28,000	-	-	-	452,771
-	-	-	-	(107,081)	83,577	-
-	-	-	-	15,574	-	15,574
-	-	-	-	(33,864)	23,529	-
-	-	-	-	-	6,892	8,049
-	-	-	-	-	32,389	41,496
-	-	-	-	-	700	31,272
-	-	-	-	-	4,014	8,303
-	-	-	-	-	-	14,017
-	-	-	492	-	28,141	48,136
-	-	-	-	-	3,274	10,151
-	-	-	-	-	12,373	12,373
-	-	-	-	-	786	9,474
-	-	-	-	-	1,686	1,686
-	-	-	-	-	14,309	14,309
-	-	-	-	343	-	343
-	-	-	-	43,000	-	43,000
-	-	-	-	49,102	-	49,102
297	-	-	-	-	(492,812)	-
1,160	150,000	28,000	492	(32,926)	-	2,791,946
-	-	-	-	7,867	-	7,867
-	-	-	-	7,867	-	7,867
-	-	-	-	52,959	-	52,959
-	-	-	-	331,073	-	331,073
-	-	-	-	94,703	-	94,703
\$ -	\$ -	\$ -	\$ -	\$ 478,735	\$ -	\$ 478,735

HANSEN, BARNETT & MAXWELL

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Registered with the Public Company
Accounting Oversight Board



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Wasatch Front Regional Council
Salt Lake City, Utah

We have audited the financial statements of Wasatch Front Regional Council as of and for the year ended June 30, 2005, and have issued our report thereon dated September 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wasatch Front Regional Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wasatch Front Regional Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and

material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Hansen, Barnett & Maxwell". The signature is written in a cursive, flowing style.

HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah
September 22, 2005

HANSEN, BARNETT & MAXWELL

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To Board of Directors
Wasatch Front Regional Council
Salt Lake City, Utah

Compliance

We have audited the compliance of Wasatch Front Regional Council with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Wasatch Front Regional Council's management. Our responsibility is to express an opinion on Wasatch Front Regional Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis evidence about Wasatch Front Regional Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Wasatch Front Regional Council's compliance with those requirements.

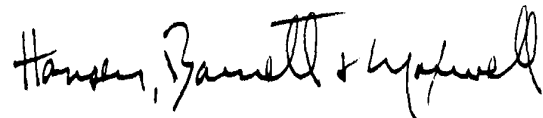
In our opinion, the Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Council is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Wasatch Front Regional Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Hansen, Barnett & Maxwell". The signature is written in a cursive, flowing style.

HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah
September 22, 2005

**WASATCH FRONT REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

<u>Federal Grantor/ Pass-Through Grantor-Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF TRANSPORTATION			
Pass-through from Utah Department of Transportation:			
Federal Transit Administration	20.207		\$ 1,964,246
Federal Transit Administration	20.507		1,676
Pass-through from Utah Transit Authority:			
Federal Transit Administration	20.507		<u>36,316</u>
Total U. S. Department of Transportation			<u>2,002,238</u>
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-through from State Department of Community and Economic Development through Kaysville City, Utah:			
Community Development Block Grant	14.228	04-0901	29,980
Pass-through from State Department of Community and Economic Development:			
Community Development Block Grant	14.228	04-2100	50,634
Pass-through through West Jordan City, Utah:			
Community Development Block Grant	14.228	WJCD.14	5,896
Pass-through through Salt Lake Count, Utah:			
Community Development Block Grant	14.228	BV03040C	<u>21,833</u>
Total U. S. Department of Housing and Urban Development			<u>108,343</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Direct Funding:			
Hazard Mitigation Planning Grant	83.548	04-0967	<u>1,163</u>
Total Federal Emergency Management Agency			<u>1,163</u>
TOTAL			<u><u>\$ 2,111,744</u></u>

**WASATCH FRONT REGIONAL COUNCIL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The following information regarding the schedule of expenditures of federal awards is provided to assist the reader in understanding the accounting policies regarding, and the nature of the federal awards.

Basis of Accounting C The schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting, the same basis used by the Council in its financial reporting. Receivables are recorded when appropriate program expenditures are made and the Council has a claim for reimbursement.

Pass-Through Source of Awards C The Council receives the bulk of its federal award programs from the U.S. Department of Transportation through the Utah department of transportation.

**WASATCH FRONT REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Wasatch Front Regional Council.
2. No reportable conditions with regards to the internal control over the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Wasatch Front Regional Council were disclosed as a result of the audit.
4. No reportable conditions with regard to internal control over the major federal award programs are reported.
5. The auditor's report on compliance for the major federal award programs of Wasatch Front Regional Council expresses an unqualified opinion.
6. There are no audit findings relating to the federal award programs that are required to be reported.
7. The program tested as a major program was Federal Transit Administration, CFDA Number 20.507.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Wasatch Front Regional Council was determined to be a low-risk auditee as defined by OMB Circular A-133.

B. FINDINGS C FINANCIAL STATEMENTS AUDIT

No findings to report.

**C. FINDINGS AND QUESTIONED COSTS C MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

No findings to report.

HANSEN, BARNETT & MAXWELL

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Accounting Oversight Board



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH THE STATE OF UTAH LEGAL COMPLIANCE GUIDELINES

The Board of Directors
Wasatch Front Regional Council
Salt Lake City, Utah

We have audited the basic financial statements of Wasatch Front Regional Council (the Council) for the year ended June 30, 2005, and have issued our report thereon dated September 22, 2005. The Council received the following non-major grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of the Council's financial statements.)

- \$ Utah State Lands and Forestry
- \$ Utah Department of Transportation
- \$ Utah Transit Authority
- \$ Community Impact Board
- \$ Department of Community and Economic Development

Our audit included test work on the Council's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide including:

- \$ Cash Management
- \$ Purchasing Requirements
- \$ Budgetary Compliance
- \$ Other Compliance Requirements

The management of the Council is responsible for the Council's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion. The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, the Wasatch Front Regional Council complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2005.

A handwritten signature in black ink, appearing to read "Hansen, Barnett & Maxwell", written in a cursive style.

HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah
September 22, 2005

